

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name St. Joseph Community Health Organization	County St. Joseph
Fiscal Year End September 30, 2007	Opinion Date February 7, 2008	Date Audit Report Submitted to State February 8, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

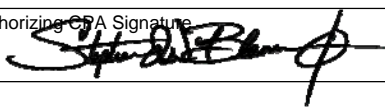
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 517.787.6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name Stephen W. Blann, CPA, CGFM		License Number 24801

**COMMUNITY MENTAL HEALTH SERVICES  
OF ST. JOSEPH COUNTY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**



**REHMANN ROBSON**

*Certified Public Accountants*

# COMMUNITY MENTAL HEALTH SERVICES OF ST. JOSEPH COUNTY

## TABLE OF CONTENTS

---

	<b><u>PAGE</u></b>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements for the Year Ended September 30, 2007</b>	
Statement of Net Assets	2
Statement of Revenue, Expenses, and Changes in Fund Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8
<b>Internal Control and Compliance</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**



## **INDEPENDENT AUDITORS' REPORT**

February 7, 2008

To the Board of the Community Mental  
Health Services of St. Joseph County  
Three Rivers, Michigan

We have audited the accompanying basic financial statements of the Community Mental Health Services of St. Joseph County (the "Authority"), as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Community Mental Health Services of St. Joseph County, as of September 30, 2007, and the respective changes in financial position and cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Authority has not presented Management's Discussion and Analysis (MD&A) as required supplementary information. The Governmental Accounting Standards Board has determined that such information is necessary to supplement, although not required to be a part of, the basic financial statements.

## **BASIC FINANCIAL STATEMENTS**

**COMMUNITY MENTAL HEALTH SERVICES  
OF ST. JOSEPH COUNTY**

**Statement of Net Assets  
September 30, 2007**

**Assets**

Current assets:

Cash and cash equivalents	\$ 2,216,415
Accounts receivable, net of provisions for adjustments	47,232
Prepays	103,422
Total current assets	<u>2,367,069</u>

Non-current assets:

Capital assets being depreciated, net	<u>189,466</u>
---------------------------------------	----------------

Total assets	<u>2,556,535</u>
--------------	------------------

**Liabilities**

Current liabilities:

Accounts payable	632,478
Accrued liabilities	200,732
Due to State	133,500
Due to PIHP	33,750
Unearned revenue	6,339
Current portion of long-term debt	41,000
Total current liabilities	<u>1,047,799</u>

Non-current liabilities:

Long-term debt, net of current portion	<u>151,467</u>
--	----------------

Total liabilities	<u>1,199,266</u>
-------------------	------------------

**Net assets**

Invested in capital assets	189,466
Unrestricted	<u>1,167,803</u>
Total net assets	<u><u>\$ 1,357,269</u></u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY MENTAL HEALTH SERVICES  
OF ST. JOSEPH COUNTY**  
**Statement of Revenue, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended September 30, 2007**

<b>Operating revenue</b>	
Medicaid revenue	\$ 9,202,568
State and federal grants	1,523,737
Charges for services	411,009
Other revenue	<u>20,015</u>
Total operating revenue	<u>11,157,329</u>
<b>Operating expenses</b>	
Mental health services	10,436,786
Management and general	<u>1,041,632</u>
Total operating expenses	<u>11,478,418</u>
Operating loss	<u>(321,089)</u>
<b>Non-operating revenue</b>	
County appropriation	192,980
Interest revenue	<u>90,046</u>
Total non-operating revenue	<u>283,026</u>
Change in net assets	(38,063)
Net assets, beginning of year	<u>1,395,332</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,357,269</u></u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY MENTAL HEALTH SERVICES  
OF ST. JOSEPH COUNTY**

**Statement of Cash Flows  
For the Year Ended September 30, 2007**

**Cash flows from operating activities**

Cash received from customers	\$ 10,655,771
Cash payments to suppliers for goods and services	(7,858,434)
Cash payments to employees for services	<u>(4,000,309)</u>

Net cash used by operating activities (1,202,972)

**Cash flows from capital and related  
financing activities**

Purchase of capital assets (35,417)

**Cash flows from investing activities**

Interest received 90,046

Decrease in cash and cash equivalents (1,148,343)

Cash and cash equivalents, beginning of year 3,364,758

**Cash and cash equivalents, end of year** \$ 2,216,415

**Reconciliation of operating income to net  
cash used in operating activities**

Operating loss \$ (321,089)

Adjustments to reconcile operating loss to net  
cash used in operating activities:

Depreciation expense 56,436

County appropriation 192,980

Changes in assets and liabilities:

Accounts receivable 2,258

Prepays 16,600

Accounts payable and accrued liabilities (315,791)

Due to State (137,570)

Due to PIHP (700,380)

Unearned revenue 3,584

Net cash used by operating activities \$ (1,202,972)

The accompanying notes are an integral part of these financial statements.



## **NOTES to FINANCIAL STATEMENTS**

# COMMUNITY MENTAL HEALTH SERVICES OF ST. JOSEPH COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Community Mental Health Services of St. Joseph County (the “Authority”), established under Section 205 of the Michigan Mental Health Code, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

**Reporting Entity** – The Authority is a Community Mental Health Authority serving the mental health needs of St. Joseph County residents. The Authority is not a component unit of St. Joseph County or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity.

**Financial Statements** - The basic financial statements report information on all of the activities of the Community Mental Health Services of St. Joseph County.

The operations of the Authority are accounted for as an Enterprise Fund (a proprietary fund) which is designed to be self-supporting. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The enterprise fund is the Authority’s primary operating fund, and only major fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority’s operating fund are contract revenues from MDCH and first and third party billings. Operating expenses include the cost of providing mental health services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# COMMUNITY MENTAL HEALTH SERVICES OF ST. JOSEPH COUNTY

## NOTES TO FINANCIAL STATEMENTS

---

**Capital Assets** - Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded for reporting purposes at historical cost or estimated historical cost if constructed or purchased.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment/Computers	3-7
Vehicles	5

**Cash and Cash Equivalents** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

**Receivables** – Receivables consist primarily of amounts due from the State of Michigan for Medicaid billings and grant reimbursements under the terms of its full management contract and from other agencies, governments and organizations for services rendered. Amounts receivable under the full management contract are subject to a cost settlement process and, as such, provision has been made by the Authority for adjustments as estimated by management.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Compensated absences** – It is the Authority's policy to permit eligible employees to accumulate sick and vacation time at various rates, depending on the employee's length of service with the Authority. The financial statements present a liability when these compensated absences are earned by the employee.

**Unearned Revenue** -- Unearned revenue represents unspent grant proceeds and that portion of the current-year MDCH contract amount that may be carried-over to and expended in subsequent fiscal years. Such carryover is generally limited to five percent of the MDCH contract amount.

# COMMUNITY MENTAL HEALTH SERVICES OF ST. JOSEPH COUNTY

## NOTES TO FINANCIAL STATEMENTS

### 2. CASH AND CASH EQUIVALENTS

#### Deposits

The Authority's cash and cash equivalents are comprised of \$2,216,285 in deposits with financial institutions and \$130 in cash on hand.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year-end, \$2,331,831 of the Authority's bank balance of \$2,633,918 was exposed to credit risk because it was uninsured and uncollateralized.

### 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets being depreciated:				
Equipment and furnishings	\$ 175,633	\$ 35,417	\$ -	\$ 211,050
Computers	71,541	-	-	71,541
Vehicles	42,602	-	-	42,602
Total capital assets being depreciated	<u>289,776</u>	<u>35,417</u>	<u>-</u>	<u>325,193</u>
Less accumulated depreciation for:				
Equipment and furnishings	(38,523)	(31,694)	-	(70,217)
Computers	(35,443)	(14,091)	-	(49,534)
Vehicles	(5,325)	(10,651)	-	(15,976)
Total accumulated depreciation	<u>(79,291)</u>	<u>(56,436)</u>	<u>-</u>	<u>(135,727)</u>
Capital assets, net	<u>\$ 210,485</u>	<u>\$ (21,019)</u>	<u>\$ -</u>	<u>\$ 189,466</u>

### 4. LONG-TERM DEBT

Long-term debt consists of the following as of September 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 225,541	\$ 8,102	\$ 41,176	\$ 192,467	\$ 41,000

# **COMMUNITY MENTAL HEALTH SERVICES OF ST. JOSEPH COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

---

### **5. LEASES**

The Authority has entered into various operating leases for the use of real property. Future minimum lease payments as of September 30, 2007 are \$101,448, all of which are due during the year ended September 30, 2008.

### **6. DEFINED CONTRIBUTION RETIREMENT**

The Authority maintains a defined contribution plan for its eligible employees. The name of this plan is the "Community Mental Health Services of St. Joseph County Money Purchase Pension Plan" and became effective February 1, 1989. The plan provides retirement and death benefits to plan members and their beneficiaries.

The Authority's defined contribution plan is administered by VALIC. Benefit provisions and contribution requirements are established and may be amended by the Board. The Authority makes contributions of 5% of union member's salary and 9.5% of all other eligible employee's compensation. Total contributions for the year ended September 30, 2007, were \$164,081.

#### **Alternative Social Security Plan**

The Authority contributes 6.2% of all non-union personnel's salary to the plan. Employees are also required to contribute 6.2% of their salary into this plan. The contributions to the plan are made in lieu of federal social security contributions. Under this plan, employees are 100% vested in their account at inception. Employees of the Authority not eligible to participate in this plan are covered by the federal social security system.

### **7. CONTINGENCIES**

Under the terms of various Federal and State grants and regulatory requirements, the Authority is subject to periodic audits of its agreements. Such audits could lead to questioned costs and/or requests for reimbursement to grantor or regulatory agencies.

As is the case with other entities, the Authority faces exposure from potential claims and legal proceedings involving environmental and other matters. No such claims or proceedings have been asserted as of September 30, 2007.

\* \* \* \* \*

## **INTERNAL CONTROL AND COMPLIANCE**



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

February 7, 2008

To the Board of the Community Mental  
Health Services of St. Joseph County  
Three Rivers, Michigan

We have audited the financial statements of the *Community Mental Health Service of St. Joseph County* (the "*Authority*"), as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, the governing board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style.





# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



February 7, 2008

To the Board of Directors of the  
Community Mental Health Services of St. Joseph County  
Three Rivers, Michigan

We have audited the financial statements of Community Mental Health Services of St. Joseph County (the "Authority") for the year ended September 30, 2007, and have issued our report thereon dated February 7, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated December 3, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Authority's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Authority, either individually or in the aggregate, indicate matters that could have a significant effect on the Authority's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing our audit.

This letter is intended for the use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style. The first name "Lehmann" is written with a large, prominent 'L' and the last name "Johnson" follows in a similar cursive script.